

STATE OF WASHINGTON
**OFFICE OF
INSURANCE COMMISSIONER**
**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON**

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In the Matter of)	No. D 2000-39
CASCADE NATIONAL INSURANCE COMPANY)	CONSENT AND ORDER
)	IMPOSING A FINE
An Authorized Insurer.)	

FACTS AND STIPULATIONS:

1. Cascade National Insurance Company (hereinafter "Cascade") is an authorized insurer in this state.
2. On April 30, 1999, Cascade filed with the Insurance Commissioner new rates and forms for its non-standard auto insurance program. Both the rates and the forms were approved by the Commissioner's staff, with an effective date of October 1, 1999. By letter to Lee Barclay of September 21, 1999, Cascade notified the agency that it could not implement the changes by October 1, 1999. Consequently, Mr. Barclay approved a revised effective date of November 1, 1999, for the rate filing.

3. However, Cascade did not implement the changes by that date, either. On about December 9, 1999, the insurer's president, Harold L. Anderson, called Lee Barclay, to tell him that Cascade had been unable to implement the changes by November 1. Mr. Barclay explained that Cascade had been in violation of Washington law since that date. He suggested that Mr. Anderson withdraw the approved rate and form filings, which Mr. Anderson did by a letter of December 10, 1999.

4. In that letter, Mr Anderson explained what had happened. He said that the filing was filed with the Insurance Commissioner on April 28, 1999, and that it was approved on August 30, 1999. The Commissioner's tracking system shows the rates as having been approved on August 27, 1999, and the forms as having been approved on September 3, 1999. According to Mr. Anderson's December 10, 1999 letter, Cascade had gone through a computer change intended as a precaution against Y2K problems. He said that no steps were taken to implement the filing because "we were not sure how the program would look upon its final approval." He added that "Once approved, the process of implementing was given to our data processing area and we found the new standards to be so complex that we were looking for a potential implementation date in June of 2000". It was at this point that Cascade advised the Insurance Commissioner's staff of "a delay in implementation of at least to December 1, 1999." During this series of delays, market conditions changed so greatly that Cascade decided to withdraw the filing and begin over again, with "compatible data processing."

4. From November 1, 1999 to December 10, 1999, when the filings were withdrawn, Cascade was using rates on its non-standard auto insurance program which were not the approved rates for this business.

Findings:

1. RCW 48.19.040(6) provides that "Where a filing is required, no insurer shall make or issue an insurance contract or policy except in accordance with its filing then in effect..." Chapter 48.19 RCW is entitled "Rates". Cascade violated this statute. The number of separate violations would be the number of new on-standard auto policies Cascade issued between November 1, 1999 and December 10, 1999.

2. RCW 48.05.140 (1) authorizes the Commissioner to refuse, suspend, or revoke an insurer's certificate of authority, in addition to other grounds for this, if the insurer "Fails to comply with any provision of this code other than those for violation of which refusal, suspension or revocation is mandatory, or (which) fails to comply with any proper order or regulation of the Commissioner."

3. RCW 48.05.185 provides that "After hearing or with the consent of the insurer and in addition to or in lieu of the suspension, revocation, or refusal to renew any certificate of authority, the Commissioner may levy a fine upon the insurer in an amount not less than two hundred fifty dollars and not more than ten thousand dollars."

Consent to Order:

1. Cascade National Insurance Company stipulates to the foregoing facts and findings by the Insurance Commissioner. It also consents to a fine in the total amount of \$5000. This sum is to be paid in full within thirty days after this order is entered in Olympia, Washington. If the fine is not timely paid in full, the Insurance Commissioner will revoke the certificate of authority of Cascade National Insurance Company, and the fine will be recoverable in a civil action brought on behalf of the Insurance Commissioner by the Attorney General, pursuant to RCW 48.05.185.

2. Cascade National Insurance Company acknowledges its duty to comply fully with all the applicable laws and regulations of Washington state, including but not limited to those relating to

the filing of forms and rates.

Signed this _____ day of _____, 2000.

Cascade National Insurance Company

By _____

(Typed Name and Title) _____

IT IS ORDERED that pursuant to RCW 48.05.140 and RCW 48.05.185, the Insurance Commissioner imposes a fine upon Cascade National Insurance Company in the amount

of \$5000 (five thousand and no/100 dollars). This is to be paid in full within thirty days of the entry of this order in Olympia, Washington. If the fine is not timely paid in full, subject to the insurer's right to demand a hearing pursuant to chapter 34.05 RCW and chapter 48.04 RCW, the Insurance Commissioner shall revoke the certificate of authority of Cascade National Insurance Company, and the fine will be recoverable in a civil action brought by the Attorney General on behalf of the Insurance Commissioner, pursuant to RCW 48.05.185.

SIGNED AND ENTERED THIS ____19th____ day of _May____, 2000.

By _____

William Kay Kirby

Assistant Deputy Insurance Commissioner